

## DEVELOPING CROSS-SECTORAL COOPERATION WITHIN THE FRAMEWORK OF PUBLIC-PRIVATE PARTNERSHIPS

### РОЗВИТОК МІЖСЕКТОРНОЇ ВЗАЄМОДІЇ В РАМКАХ ДЕРЖАВНО-ПРИВАТНОГО ПАРТНЕРСТВА

*The analysis of the development of intersectoral interaction within the framework of public-private partnership and evaluation methods at the level of the State entity and municipalities carried out in the article allowed forming substantive characteristics of legal, political, informational, social, economic, organizational and personnel conditions which can form the basis of a single system of evaluation indicators at all levels of public administration. It is proved that in order to assess the conditions formed by public administration entities at different levels for the development of intersectoral cooperation within the framework of public-private partnership, it is advisable to use a single system of indicators which can be systematized with due regard for the substantive characteristics. It is determined that in the structure of the macro level, it is worth highlighting the elements that, existing independently of the financial mechanism of PPP, have a significant impact on it. Thus, the formal components create the necessary legal, organizational and economic conditions for the functioning of the mechanism. The informal ones imply the existence of certain models (traditions, customs, stereotypes, algorithms, norms, etc.) of behavior of economic entities interested in partnering with the state. After all, such cooperation allows the partnership participants to make rational financial and economic decisions to realize the interests of the authorities, representatives of the private sector and society. The author proposes to define the financial mechanism of PPP according to the institutional approach as a set of formal and informal rules and regulations governing the joint activities of public authorities and business structures, which align the economic, financial and social interests of the parties and meet the needs of society. When considering the structure of the above mechanism, it should be divided into levels, including the micro level (internal environment), the sectoral level (local environment) and the macro level (external environment). Such a division implies the existence of a system of formal and informal rules and regulations that are external to the PPP financial mechanism, i.e., do not depend on its functioning, as well as the interests for which the activities and interaction of economic entities are carried out.*

**Key words:** public-private partnership, intersectoral interaction, public administration, level, mechanism, implementation.

*Проведений у статті аналіз розвитку міжсекторної взаємодії в рамках державно-при-*

*ватного партнерства і методик оцінки на рівні суб'єкта держави та муніципальних утворень дозволив сформувати змістовні характеристики юридичних, політичних, інформаційних, соціальних, економічних, організаційно-кадрових умов, які можуть бути основою єдиної системи показників оцінки на всіх рівнях публічного управління. Доведено, що для оцінки умов, сформованих суб'єктами публічного управління на різних рівнях для розвитку міжсекторної взаємодії в рамках державно-приватного партнерства, доцільно використовувати єдину систему показників, які може бути систематизовано з урахуванням змістовних характеристик. Визначено, що у структурі макрорівня варто виділити елементи, які, існуючи незалежно від фінансового механізму ДПП, здійснюють на нього суттєвий вплив. Так, формальні складові створюють необхідні правові, організаційно-економічні умови для функціонування згаданого механізму. Неформальні передбачають існування певних моделей (традиції, звичаї, стереотипи, алгоритми, норми тощо) поведінки суб'єктів економічних відносин, які зацікавлені в партнерських відносинах з державою. Адже завдяки такій співпраці приймаються раціональні фінансово-господарські рішення учасниками партнерства задля реалізації інтересів органів влади, представників приватного сектору та суспільства. Запропоновано визначити фінансовий механізм ДПП згідно з інституційним підходом – це сукупність формальних та неформальних норм і правил, що регулюють спільну діяльність органів державної влади та підприємницьких структур, завдяки якій узгоджуються економічні, фінансові, соціальні інтереси сторін та задовольняються потреби суспільства. Розглядаючи структуру згаданого механізму, його необхідно розділити на рівні, зокрема мікрорівень (внутрішнє середовище), галузевий рівень (локальне середовище) та макрорівень (зовнішнє середовище). Такий поділ передбачає наявність системи формальних і неформальних норм та правил, які є зовнішніми для фінансового механізму ДПП, тобто не залежать від його функціонування, а також інтересів, для досягнення яких здійснюється діяльність і взаємодія економічних суб'єктів.*

**Ключові слова:** державно-приватне партнерство, міжсекторна взаємодія, публічне управління, рівень, механізм, реалізація.

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**Formulation of the problem.** To ensure the proper functioning of the financial mechanism of public-private partnership, it is also necessary to create an institutional environment (organizational component) that coordinates the rights, obligations, and sequence of actions by the partnership participants, as reflected in the agreed

legislative provisions. Without it, it is impossible to determine the most important vectors of development of this mechanism, as well as the guidelines for the formation and selection of the most effective economic and social institutions. Therefore, the urgent task is to create a system of bodies that will deal with public-private partnerships. At the

same time, the institutional system, in addition to institutions, should contain economic levers and incentives to promote the development of various forms and models of this mechanism. The development of cross-sectoral cooperation within the framework of public-private partnerships directly depends on the creation of conditions by the authorities for the implementation of projects within their powers.

**Analysis of recent achievements and publications.** The problem of the lack of conditions for the implementation of public-private partnership projects is highlighted in the scientific works of such scholars as V. Bazylevych, O. Vasylyk, V. Glushchenko, V. Gorin, V. Demianyshyn, O. Kyrylenko, S. Kovalchuk, O. Kraynik, M. Krupka, S. Liovochkin, V. Oparin, V. Ospishchev, O. Romanenko, V. Fedosov, I. Chugunov, S. Yuriy, and others.

Geoffrey Delmon, for example, identified the following conditions as analyzed: political will to implement public-private partnerships; an encouraging regulatory regime; readiness of financial markets to provide projects with the necessary investments, including through the provision of state support; an established institutional environment; coordination of public and private actors through monitoring of program implementation; formation of a common resource pool (knowledge, experience and other resources) [3]. Therefore, the **purpose** of the article is to study the aspects of intersectoral cooperation in public-private partnership projects and determine its prospects.

**Presentation of the main material.** In the scientific literature, two institutional approaches to PPPs are distinguished, which differ both in the depth and in the methodology of change. The first approach is a structural adjustment of the institutional environment to the established goals and priorities of the state's economic policy. Implementation of the latest principles, rules and regulations for state-business partnerships involves improving existing institutions (Argentina, Canada, Japan, the United Kingdom, the United States of America, the European Union, etc.) The second is based on the formation of institutions from scratch, which are oriented towards market principles of economic activity of the state (countries in the post-Soviet space or developing countries).

Ukraine belongs to the latter approach. Despite the sufficient development of domestic legislation, its institutional framework for public-private partnerships is weak. It is only beginning to emerge at the state level, and is almost absent at the local level. In view of this, it is necessary to designate bodies and institutions that

regulate partnerships between the state and business.

The Cabinet of Ministers of Ukraine, as the highest executive body, plays a leading role in making conceptual decisions on cooperation between public authorities and business structures on a contractual basis. In the process of implementing public-private partnerships, it participates not only as a public partner, but also as a body that coordinates the functioning of the PPP financial mechanism, in particular by adopting legal norms, establishing mandatory rules, conditions and organizational aspects of partnerships between the state and business. The Government exercises its control functions through a specially authorized body – the Ministry of Economy of Ukraine.

Since this authorized body operates within the system of executive authorities, it has functions typical of management activities. While studying these functions, V. Averyanov classifies them according to the fundamental principle – target orientation aimed at meeting socially necessary needs. Therefore, the scholar argues that they should include: targeted (forecasting, planning), resource provision (formation and use of financial resources, financial incentives, labor potential), organizational and regulatory (organization, regulation, coordination, control), transformational (innovative development, rationalization, optimization, improvement, reorganization, etc.) functions.

In practice, the above functions are interrelated, but performed by different executive authorities. The Ministry of Economy of Ukraine develops state economic policy and is responsible for the development of public-private partnerships. This body provides regulatory, methodological, advisory and informational regulation of the financial mechanism of PPPs at the central and local levels (for certain regions or types of economic activity), coordinates the activities of central government agencies in the implementation of PPP projects, and monitors the efficiency and effectiveness of the activities of executive authorities and local governments in relation to PPPs. Thus, the authorized body in the field of public-private partnerships performs mainly organizational and regulatory functions.

We propose to understand the institutional environment as the presence of public authorities, state and quasi-state institutions (institutional intermediaries), as well as the distribution of decision-making powers and participation of various actors in this process.

V. Fedosova, based on the work of Jeffrey Delmon, identifies 3 stages of formation of the institutional environment for the implementation of public-private partnership projects [122].

The main stages that can be applied in the territory of the state, adjusted by the author, include the following components:

Stage 1. Formation of the basis for the implementation of the public-private partnership policy; verification of legal viability (absence of contradictions with other regulatory documents); identification of priority projects from the point of view of public administration structures; development of the conceptual space; application of the experience of interaction between the state and other institutional sectors.

Stage 2. Formation of the legal framework; development and publication of methodological recommendations (practical guidelines); establishment of public-private partnership support institutions supervised by public administration entities or integrated into the structure of the authority; attraction of additional sources of funding for project implementation.

Stage 3. The system is tested and operational; public-private partnership models are being improved and are diverse.

The level of development of public-private partnerships in Ukraine is assessed on the basis of the Resolution of the Cabinet of Ministers of Ukraine No. 384 dated 11 April 2011.

In accordance with the latest approved version of the Resolution, the level of development of public-private partnerships is determined based on the results of the assessment of three factors

- the dynamics of project implementation in the reporting year,
- the experience gained in implementing projects in previous years,
- the state of the regulatory and institutional environment.

For each area, calculation formulas are used; the information base for calculating the values of the first two areas is the planned amount of investment in the project, which is adjusted for the coefficients of the type, stage and term of the project. The source of data is information on projects entered into the state information system «Management».

It should be noted that the assessment at all levels of public administration analyses indicators for projects not only of intersectoral partnership, but also of intersectoral cooperation, such as projects implemented under concession agreements; quasi-forms with one or more features of partnership.

Quasi-forms of cross-sectoral cooperation based on partnership include: energy service contracts with features of public-private partnership; life cycle contracts; investment agreements involving the use of state or municipal property and subsequent operation of facilities by a pri-

vate partner; establishment of joint legal entities for the creation or development of infrastructure facilities.

Thus, the signs of a quasi-partnership include the following: state or municipal property is created and/or involved in the project; the private partner participates not only in the creation but also in the subsequent operation and/or maintenance of the object of the agreement; the project's industry complies with the list of objects provided for by the regulations.

According to the data of central and local executive authorities in Ukraine, as of 01.01.2024, 198 PPP agreements were concluded on PPP terms, of which 22 agreements are being implemented (10 concession agreements, 6 joint venture agreements, 6 other agreements), 166 agreements are not being implemented (115 are not being implemented, 51 are terminated/expired), and 10 are suspended due to the armed aggression of the Russian Federation.

A sign of the harmonious institutional environment is the presence of civil society institutions. After all, voluntary public associations, as stakeholders in the modernization of the economic sphere and social infrastructure, should participate in the formation of the components of the financial mechanism of public-private partnerships, as well as monitor the process of its functioning and the achievement of planned objectives by the partners. This will help to take into account social values and priorities in the process of PPP implementation, ensure transparency and publicity of partnership relations between the state and business. In domestic practice, such interaction is mostly represented by the participation of the public, experts, analysts, and scientists in public hearings, scientific seminars, and roundtables dedicated to the development of proposals for the development of the aforementioned mechanism in Ukraine.

However, constructive cooperation between civil society institutions, the state and the private sector is not regulated by law. There are no regulatory documents that would regulate the procedure for their establishment, activities, relations with PPP participants, monitoring of performance, as well as decision-making powers, etc.

According to the institutional approach, the PPP financial mechanism is a set of formal and informal rules and regulations governing the joint activities of public authorities and business structures, which align the economic, financial, and social interests of the parties and meet the needs of society. Considering the structure of the above mechanism, it should be divided into levels, including the micro level (internal environment), the sectoral level (local environment) and

the macro level (external environment) (Figure 1). This division implies the existence of a system of formal and informal rules and regulations that are external to the PPP financial mechanism, i.e., independent of its functioning, as well as the interests for which economic actors operate and interact.

The internal environment of the financial mechanism of the public-private partnership is characterized by the interaction of formal and informal components and the set of interests of persons formed by the PPP participants. In other words, each subject of economic relations independently determines the goals, resources, management structure, and specifics of its activities. In this case, the peculiarity of such an environment is the combination of private sector and state resources, as well as the presence of goals that are common to both partners (profit and public interest).

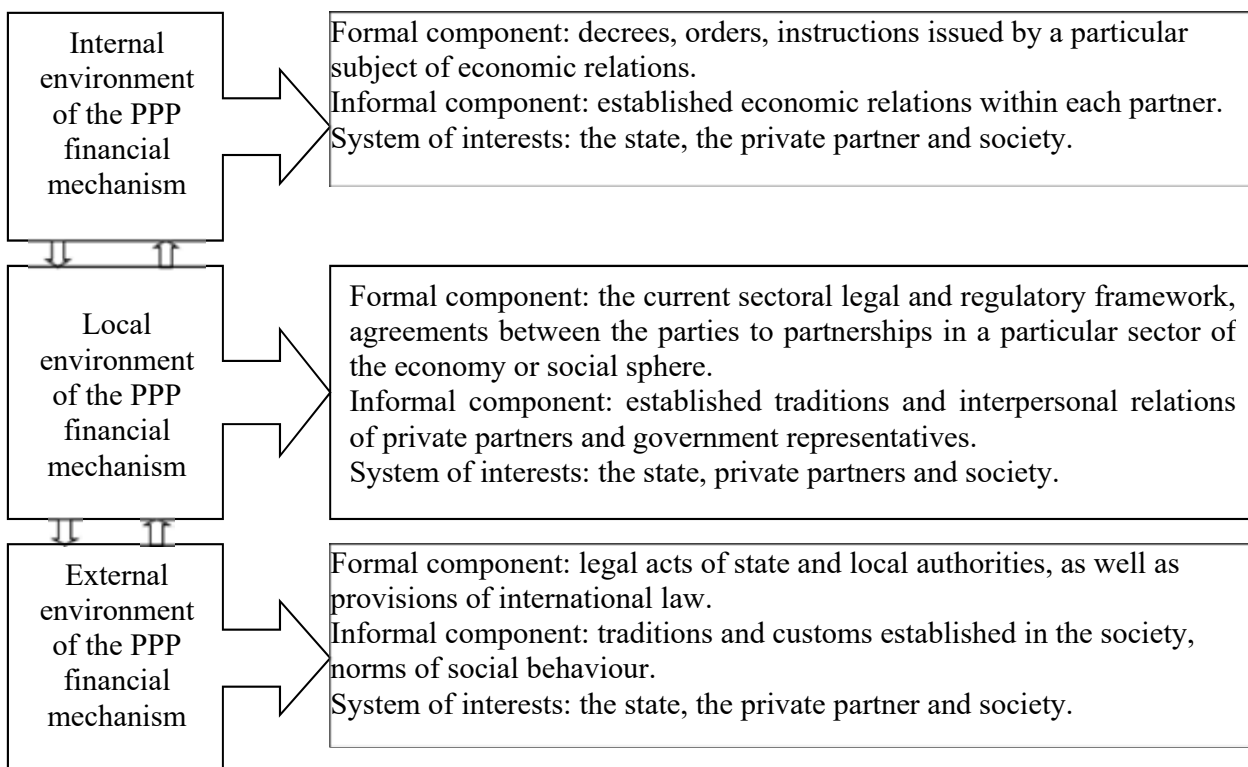
The local environment is characterized by direct interaction of partners in the process of building a certain model of the PPP financial mechanism. The system of formal components of this level, in addition to the legal and regulatory framework, includes legally executed contracts (agreements) between partners in a particular area of economic or social sphere. Since the local environment is characterized by the fact that it is formed in the process of interaction with partners, it is important to adhere to the basic principle of public-private

partnerships – institutional equality. In shaping this environment, the internal environment of partners may be influenced and vice versa.

In the structure of the macro-level, it is worth highlighting the elements that, existing independently of the financial mechanism of PPP, have a significant impact on it. Thus, formal components create the necessary legal, organizational and economic conditions for the functioning of the mechanism. The informal ones imply the existence of certain models (traditions, customs, stereotypes, algorithms, norms, etc.) of behavior of economic entities interested in partnering with the state. Such cooperation allows the partnership participants to make rational financial and economic decisions to realize the interests of the government, the private sector and society.

The combination of formal and informal components makes it possible to create a favorable institutional environment for the effective functioning of the PPP financial mechanism, to determine strategic vectors of its development and to achieve the set goals. The advantages of this environment are as follows:

firstly, integration of economic entities from different spheres of activity into a jointly created institution operating on the basis of certain rules and regulations, which contributes to building a single model of the financial mechanism of partnership relations;



**Fig. 1. Levels of the financial mechanism of public-private partnership according to the institutional approach [compiled by the author]**

secondly, regulation of the interaction of the components of the mechanism, which reduces uncertainty and opacity of its functioning;

third, coordination of the structural elements of the mechanism by entities of different institutions aimed at achieving efficiency and synergistic effect from the joint activities of the partnership participants;

fourthly, constant monitoring of compliance with the rules, regulations, duties and functions of the parties to the public-private partnership.

Thus, the institutional environment of the PPP financial mechanism reflects the system of rules that regulate the sequence of actions taken by the partnership participants to achieve socio-economic results. They can establish both positive and negative aspects in the regulation of the mechanism, directing its functioning in a certain direction, thereby making the economic environment of cooperation between the state and business less uncertain. Along with the generally accepted «rules of the game», the mechanism uses its own internal restrictions, which are mandatory for business entities to comply with.

To assess the conditions created by public administration entities at different levels for the development of cross-sectoral cooperation within the framework of public-private partnerships, it is advisable to use a single system of indicators that can be systematized with regard to the substantive characteristics presented in Table 1.

Pavliuk A. P. and Lyapin D. V., considering the institutional environment as an economic category, rightly note that it should be interpreted from the standpoint of a system of 'conditions and rules, forms that determine the behavior of economic entities', including those implemented within the framework of various institutions [7].

Undoubtedly, from the standpoint of the conceptual space of the institutional environment, the legal framework should be considered as its component, since it defines the normative rules for the implementation of public-private partnerships.

It should be noted that the fulfilment of these conditions is necessary for the implementation of all mechanisms of intersectoral cooperation studied in this research.

**Conclusions.** Therefore, the institutional environment of the PPP financial mechanism reflects the system of rules that regulate the sequence of actions taken by the partnership participants to achieve socio-economic results. They can establish both positive and negative aspects in the regulation of the mechanism, directing its functioning in a certain direction, thereby making the economic environment of cooperation between the state and business less uncertain. Along with the generally accepted «rules of the game», the government uses its own internal restrictions, which are mandatory for business entities to comply with.

Table 1

**Conditions for the development of intersectoral cooperation within the framework of public-private partnerships [compiled by the author]**

<b>Terms and conditions</b>	<b>Content description of the conditions</b>
Legal	Formation of a local regulatory framework, explanatory norms of state legislation, development of methodological documentation, including explanatory specifics of the project approach, reference materials, including a report card and an album of forms of documents required for partnership
Political	Determination of the significance of public-private partnerships as a mechanism for implementing the state policy goals reflected in strategic planning documents. Determining measurable indicators of the use of partnerships to achieve the goals set
Informational	Ensuring transparency of the project life cycle on the part of the public partner (infrastructure plan, registers of planned and implemented projects, etc.), feedback on projects, support measures, ensuring project management within the information system
Social	Determining the need of public administration objects to create products of partnership projects to improve their quality of life. Implementation of the principle of «client-centricity» in interaction with project stakeholders
Economic	Availability of support measures for private partners
Organizational and personnel	Establishment of institutions for cross-sectoral interaction at all stages of the project life cycle, staffed by employees with a complementary competence profile that includes general (project) and specialized competences. Adherence to the principle of 'client-centricity' when interacting with a private partner (the «one-stop shop» principle)

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